



**SULLIVAN COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2000**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-03
January 11, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

January 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Sullivan, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Sullivan County was a financial and compliance audit of various county operating funds. The following concerns were noted:

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Sullivan County's Associate County Commissioners salaries were each increased approximately \$8,500 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$17,000 for the two years ended December 31, 2000, should be repaid.

- 911 board meeting minutes were not available for several months and those located were not usually signed by the 911 Coordinator and Board Chairman to indicate approval. Adequate documentation to support salary reimbursements to the Special Road and Bridge Fund for a 911 employee is not maintained and no written agreement exists between the county and the 911 board documenting who pays the various 911 employees. The audit also noted weaknesses in the areas of cash receipts, time keeping, fixed assets and other contractual relationships.
- The Health Center needs to improve controls over cash receipts, bidding procedures, board meetings and minutes and the monitoring of contractual costs.

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Additionally, the audit includes some matters related to budgets and financial statements, computer controls, property records and procedures and personnel and payroll policies, which the county should consider and take appropriate corrective action.

All reports are available on our website: www.auditor.state.mo.us

SULLIVAN COUNTY, MISSOURI

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the County Commission
and
Officeholders of Sullivan County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2000 and 1999, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Sullivan County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2000 and 1999, in conformity with the comprehensive basis of accounting discussed in Note 1,

which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 13, 2001, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

September 13, 2001 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tiffany Blew, CPA
Audit Staff:	George Atkinson
	Julie Vollmer



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Sullivan County, Missouri

We have audited the special-purpose financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 13, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Sullivan County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Sullivan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the county in the accompanying Letter on Other Matters.

This report is intended for the information of the management of Sullivan County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

September 13, 2001 (fieldwork completion date)

Financial Statements

Exhibit A-1

SULLIVAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 207,552	931,271	966,195	172,628
Special Road and Bridge	415,226	646,529	716,488	345,267
Assessment	0	92,868	92,868	0
Law Enforcement Training	1,814	2,575	3,905	484
Prosecuting Attorney Training	261	771	862	170
Prosecuting Attorney Delinquent Tax	208	323	433	98
Prosecuting Attorney Bad Check	5,622	6,153	6,328	5,447
Child Support Enforcement	108	78,987	77,443	1,652
Sheriff/Law Enforcement	7,353	16,452	13,282	10,523
Victims of Domestic Violence	0	305	0	305
Recorder User Fee	10,567	3,850	502	13,915
Local Emergency Planning Training	7,074	3,230	614	9,690
Sullivan County Memorial Hospital	0	121,559	121,486	73
Health Center	341,815	366,108	447,556	260,367
911 Board	109,295	217,259	174,915	151,639
Law Library	5,373	5,296	3,599	7,070
Community Development Block Grant	0	88,606	88,606	0
Election Service Fund	0	2,691	1,178	1,513
Total	\$ 1,112,268	2,584,833	2,716,260	980,841

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SULLIVAN COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 221,511	929,313	943,272	207,552
Special Road and Bridge	436,713	624,283	645,770	415,226
Assessment	4,265	101,202	105,467	0
Law Enforcement Training	1,282	2,286	1,754	1,814
Prosecuting Attorney Training	516	563	818	261
Prosecuting Attorney Delinquent Tax	1,045	399	1,236	208
Prosecuting Attorney Bad Check	6,582	5,378	6,338	5,622
Child Support Enforcement	1,708	82,724	84,324	108
Sheriff/Law Enforcement	2,201	11,808	6,656	7,353
Victims of Domestic Violence	10	345	355	0
Recorder User Fee	7,599	2,968	0	10,567
Local Emergency Planning Training	0	10,246	3,172	7,074
Health Center	348,171	420,479	426,835	341,815
911 Board	211,898	214,404	317,007	109,295
Circuit Clerk Interest	1,268	43	1,311	0
Associate Division Interest	2,240	368	2,608	0
Law Library	132	8,932	3,691	5,373
Community Development Block Grant	36	4,609	4,645	0
Total	\$ 1,247,177	2,420,350	2,555,259	1,112,268

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>TOTALS - VARIOUS FUNDS</u>						
RECEIPTS	\$ 2,945,774	2,488,240	(457,534)	3,003,161	2,406,398	(596,763)
DISBURSEMENTS	3,151,326	2,622,877	528,449	3,412,693	2,543,004	869,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	(205,552)	(134,637)	70,915	(409,532)	(136,606)	272,926
CASH, JANUARY 1	1,106,895	1,106,895	0	1,243,501	1,243,501	0
CASH, DECEMBER 31	901,343	972,258	70,915	833,969	1,106,895	272,926
<u>GENERAL REVENUE FUND</u>						
RECEIPTS						
Property taxes	170,400	155,157	(15,243)	162,500	168,871	6,371
Sales taxes	400,000	419,454	19,454	370,000	383,013	13,013
Intergovernmental	8,200	10,915	2,715	26,288	6,929	(19,359)
Charges for services	129,500	140,536	11,036	121,900	174,786	52,886
Interest	21,000	20,554	(446)	15,000	20,466	5,466
Other	67,000	62,445	(4,555)	49,250	51,507	2,257
Transfers in	146,000	122,210	(23,790)	203,517	123,741	(79,776)
Total Receipts	942,100	931,271	(10,829)	948,455	929,313	(19,142)
DISBURSEMENTS						
County Commission	80,320	78,759	1,561	78,320	77,350	970
County Clerk	74,840	72,546	2,294	60,573	72,145	(11,572)
Elections	62,800	56,131	6,669	13,000	19,318	(6,318)
Buildings and grounds	74,050	105,970	(31,920)	130,000	128,674	1,326
Employee fringe benefits	44,500	40,540	3,960	35,000	41,517	(6,517)
County Treasurer	47,929	45,215	2,714	43,234	52,655	(9,421)
County Collector	5,000	2,971	2,029	5,500	8,009	(2,509)
Circuit Clerk	31,500	30,243	1,257	28,500	28,710	(210)
Court administration	5,944	5,950	(6)	6,075	5,542	533
Public Administrator	16,650	15,319	1,331	20,050	15,454	4,596
Sheriff	317,505	294,298	23,207	371,625	273,632	97,993
Jail	44,600	53,408	(8,808)	44,300	49,522	(5,222)
Prosecuting Attorney	57,461	57,440	21	56,875	56,602	273
Juvenile Officer	12,316	7,733	4,583	44,282	20,148	24,134
County Coroner	5,870	8,319	(2,449)	5,790	5,543	247
Child Support Enforcement	1,054	510	544	434	465	(31)
Other	69,030	71,573	(2,543)	56,900	59,662	(2,762)
Transfers out	24,000	19,270	4,730	49,630	28,324	21,306
Emergency Fund	36,000	0	36,000	35,100	0	35,100
Total Disbursements	1,011,369	966,195	45,174	1,085,188	943,272	141,916
RECEIPTS OVER (UNDER) DISBURSEMENTS	(69,269)	(34,924)	34,345	(136,733)	(13,959)	122,774
CASH, JANUARY 1	207,552	207,552	0	221,511	221,511	0
CASH, DECEMBER 31	138,283	172,628	34,345	84,778	207,552	122,774

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Intergovernmental	940,000	566,391	(373,609)	1,180,000	544,950	(635,050)
Charges for services	33,290	41,417	8,127	40,000	41,831	1,831
Interest	30,000	27,714	(2,286)	25,000	30,987	5,987
Other	4,500	5,007	507	30,000	2,365	(27,635)
Transfers in	6,000	6,000	0	4,150	4,150	0
Total Receipts	1,013,790	646,529	(367,261)	1,279,150	624,283	(654,867)
DISBURSEMENTS						
Salaries	119,000	118,685	315	114,000	113,033	967
Employee fringe benefits	15,230	12,232	2,998	38,800	14,329	24,471
Supplies	8,600	5,775	2,825	7,500	6,165	1,335
Insurance	4,000	8,331	(4,331)	4,600	3,087	1,513
Road and bridge materials	240,000	248,700	(8,700)	210,000	233,967	(23,967)
Equipment repairs	10,000	10,598	(598)	7,000	9,683	(2,683)
Equipment purchases	15,000	0	15,000	30,000	10,185	19,815
Construction, repair, and maintenance	620,700	279,048	341,652	795,000	239,384	555,616
Other	34,200	33,119	1,081	57,000	15,937	41,063
Transfers out	30,000	0	30,000	30,000	0	30,000
Total Disbursements	1,096,730	716,488	380,242	1,293,900	645,770	648,130
RECEIPTS OVER (UNDER) DISBURSEMENTS	(82,940)	(69,959)	12,981	(14,750)	(21,487)	(6,737)
CASH, JANUARY 1	415,226	415,226	0	436,713	436,713	0
CASH, DECEMBER 31	332,286	345,267	12,981	421,963	415,226	(6,737)
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	77,585	76,296	(1,289)	87,722	85,269	(2,453)
Charges for services	813	543	(270)	615	1,284	669
Interest	725	559	(166)	700	348	(352)
Transfers in	14,000	15,470	1,470	14,718	14,301	(417)
Total Receipts	93,123	92,868	(255)	103,755	101,202	(2,553)
DISBURSEMENTS						
Assessor	93,123	92,868	255	108,020	105,467	2,553
Total Disbursements	93,123	92,868	255	108,020	105,467	2,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	(4,265)	(4,265)	0
CASH, JANUARY 1	0	0	0	4,265	4,265	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	2,500	2,506	6	3,000	2,240	(760)
Interest	70	47	(23)	100	46	(54)
Other	0	22	22	0	0	0
Total Receipts	2,570	2,575	5	3,100	2,286	(814)
DISBURSEMENTS						
Sheriff	4,300	3,905	395	4,300	1,754	2,546
Total Disbursements	4,300	3,905	395	4,300	1,754	2,546
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,730)	(1,330)	400	(1,200)	532	1,732
CASH, JANUARY 1	1,814	1,814	0	1,282	1,282	0
CASH, DECEMBER 31	84	484	400	82	1,814	1,732
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	750	771	21	700	563	(137)
Total Receipts	750	771	21	700	563	(137)
DISBURSEMENTS						
Prosecuting Attorney	1,000	862	138	1,000	818	182
Total Disbursements	1,000	862	138	1,000	818	182
RECEIPTS OVER (UNDER) DISBURSEMENTS	(250)	(91)	159	(300)	(255)	45
CASH, JANUARY 1	261	261	0	516	516	0
CASH, DECEMBER 31	11	170	159	216	261	45
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	500	323	(177)	200	399	199
Interest	20	0	(20)	30	0	(30)
Total Receipts	520	323	(197)	230	399	169
DISBURSEMENTS						
Prosecuting Attorney	700	433	267	1,000	1,236	(236)
Total Disbursements	700	433	267	1,000	1,236	(236)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(180)	(110)	70	(770)	(837)	(67)
CASH, JANUARY 1	208	208	0	1,045	1,045	0
CASH, DECEMBER 31	28	98	70	275	208	(67)

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	5,200	5,821	621	5,000	5,145	145
Interest	300	332	32	300	233	(67)
Total Receipts	5,500	6,153	653	5,300	5,378	78
DISBURSEMENTS						
Prosecuting Attorney	11,000	6,328	4,672	10,000	6,338	3,662
Total Disbursements	11,000	6,328	4,672	10,000	6,338	3,662
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,500)	(175)	5,325	(4,700)	(960)	3,740
CASH, JANUARY 1	5,622	5,622	0	6,582	6,582	0
CASH, DECEMBER 31	122	5,447	5,325	1,882	5,622	3,740
<u>CHILD SUPPORT ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	94,000	70,808	(23,192)	89,570	76,157	(13,413)
Interest	100	158	58	100	67	(33)
Other	6,400	4,221	(2,179)	0	0	0
Transfers in	10,000	3,800	(6,200)	10,000	6,500	(3,500)
Total Receipts	110,500	78,987	(31,513)	99,670	82,724	(16,946)
DISBURSEMENTS						
Salaries	76,900	63,079	13,821	68,520	68,964	(444)
Office expenditures	11,000	6,437	4,563	12,200	6,273	5,927
Equipment	3,300	2,175	1,125	2,650	1,964	686
Training	7,400	1,952	5,448	6,200	1,523	4,677
Transfers out	11,900	3,800	8,100	11,000	5,600	5,400
Total Disbursements	110,500	77,443	33,057	100,570	84,324	16,246
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,544	1,544	(900)	(1,600)	(700)
CASH, JANUARY 1	108	108	0	1,708	1,708	0
CASH, DECEMBER 31	108	1,652	1,544	808	108	(700)
<u>SHERIFF/LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Intergovernmental	1,900	2,267	367	0	1,901	1,901
Charges for services	7,000	11,793	4,793	4,200	9,472	5,272
Interest	200	588	388	400	133	(267)
Other	400	1,804	1,404	0	302	302
Total Receipts	9,500	16,452	6,952	4,600	11,808	7,208
DISBURSEMENTS						
Sheriff	16,000	13,282	2,718	6,000	6,656	(656)
Total Disbursements	16,000	13,282	2,718	6,000	6,656	(656)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(6,500)	3,170	9,670	(1,400)	5,152	6,552
CASH, JANUARY 1	7,353	7,353	0	2,201	2,201	0
CASH, DECEMBER 31	853	10,523	9,670	801	7,353	6,552

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>VICTIMS OF DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	400	305	(95)	490	345	(145)
Total Receipts	400	305	(95)	490	345	(145)
DISBURSEMENTS						
Shelter	400	0	400	500	355	145
Total Disbursements	400	0	400	500	355	145
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	305	305	(10)	(10)	0
CASH, JANUARY 1	0	0	0	10	10	0
CASH, DECEMBER 31	0	305	305	0	0	0
<u>RECORDER USER FEE FUND</u>						
RECEIPTS						
Charges for services	3,000	3,116	116	3,500	2,608	(892)
Interest	500	734	234	500	360	(140)
Total Receipts	3,500	3,850	350	4,000	2,968	(1,032)
DISBURSEMENTS						
Recorder	14,000	502	13,498	11,000	0	11,000
Total Disbursements	14,000	502	13,498	11,000	0	11,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,500)	3,348	13,848	(7,000)	2,968	9,968
CASH, JANUARY 1	10,567	10,567	0	7,599	7,599	0
CASH, DECEMBER 31	67	13,915	13,848	599	10,567	9,968
<u>LOCAL EMERGENCY PLANNING TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	2,500	2,800	300	2,000	2,485	485
Interest	300	430	130	300	238	(62)
Transfer in	0	0	0	7,524	7,523	(1)
Total Receipts	2,800	3,230	430	9,824	10,246	422
DISBURSEMENTS						
Local Emergency Planning Commission	7,000	614	6,386	7,000	3,172	3,828
Total Disbursements	7,000	614	6,386	7,000	3,172	3,828
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,200)	2,616	6,816	2,824	7,074	4,250
CASH, JANUARY 1	7,074	7,074	0	0	0	0
CASH, DECEMBER 31	2,874	9,690	6,816	2,824	7,074	4,250

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SULLIVAN COUNTY MEMORIAL HOSPITAL FUND</u>						
RECEIPTS						
Sales taxes	130,000	121,321	(8,679)			
Interest	500	238	(262)			
Total Receipts	130,500	121,559	(8,941)			
DISBURSEMENTS						
Capital Improvements	130,000	121,486	8,514			
Total Disbursements	130,000	121,486	8,514			
RECEIPTS OVER (UNDER) DISBURSEMENTS	500	73	(427)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	500	73	(427)			
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	55,000	60,707	5,707	60,000	60,875	875
Intergovernmental	168,626	119,216	(49,410)	124,995	147,537	22,542
Charges for services	183,000	142,421	(40,579)	132,000	176,511	44,511
Interest	20,000	21,417	1,417	12,000	20,285	8,285
Other	5,295	22,347	17,052	8,400	15,271	6,871
Total Receipts	431,921	366,108	(65,813)	337,395	420,479	83,084
DISBURSEMENTS						
Salaries	394,000	379,149	14,851	364,000	354,991	9,009
Office expenditures	33,500	31,223	2,277	54,000	40,743	13,257
Equipment	2,500	1,819	681	5,000	1,596	3,404
Mileage and training	18,300	14,812	3,488	19,200	17,320	1,880
Other	10,000	20,553	(10,553)	18,000	12,185	5,815
Total Disbursements	458,300	447,556	10,744	460,200	426,835	33,365
RECEIPTS OVER (UNDER) DISBURSEMENTS	(26,379)	(81,448)	(55,069)	(122,805)	(6,356)	116,449
CASH, JANUARY 1	341,815	341,815	0	348,171	348,171	0
CASH, DECEMBER 31	315,436	260,367	(55,069)	225,366	341,815	116,449

Exhibit B

SULLIVAN COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2000			1999		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 BOARD FUND</u>						
RECEIPTS						
Sales taxes	191,600	209,762	18,162	200,850	202,610	1,760
Interest	6,300	7,267	967	5,642	9,063	3,421
Other	400	230	(170)	0	2,731	2,731
Total Receipts	198,300	217,259	18,959	206,492	214,404	7,912
DISBURSEMENTS						
Project management	0	0	0	7,200	11,239	(4,039)
Signs and hardware	6,000	4,967	1,033	1,000	6,864	(5,864)
Installation cost	38,500	37,434	1,066	116,075	142,320	(26,245)
Remodeling	0	0	0	0	9,331	(9,331)
Office equipment and supplies	3,000	5,577	(2,577)	3,000	2,902	98
Training	3,000	1,587	1,413	3,500	5,529	(2,029)
Radio improvements	0	0	0	20,000	0	20,000
Other	3,080	940	2,140	5,000	16,531	(11,531)
Transfers out	143,324	124,410	18,914	168,240	122,291	45,949
Total Disbursements	196,904	174,915	21,989	324,015	317,007	7,008
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,396	42,344	40,948	(117,523)	(102,603)	14,920
CASH, JANUARY 1	109,295	109,295	0	211,898	211,898	0
CASH, DECEMBER 31	110,691	151,639	40,948	94,375	109,295	14,920

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

SULLIVAN COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Sullivan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	1999
Associate Division Interest Fund	1999
Law Library Fund	2000 and 1999
Community Development Block Grant Fund	2000 and 1999
Election Service Fund	2000

Warrants issued were in excess of budgeted amounts for the Prosecuting Attorney Delinquent Tax Fund and Sheriff/Law Enforcement Fund in 1999. Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Circuit Clerk Interest Fund	1999
Associate Division Interest Fund	1999
Law Library Fund	2000 and 1999
Community Development Block Grant Fund	2000 and 1999

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county and the Health Center have adopted such a policy.

Cash includes both deposits and investments. In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*,

disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions. Investments are securities and other assets acquired primarily for the purpose of obtaining income or profit.

Deposits

The county's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance, by commercial insurance provided through a surety bond, or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's and 911 Board's deposits at December 31, 2000 and 1999, were entirely covered by federal depository insurance or by collateral securities held by the custodial banks in the applicable board's name.

Investments

The only investment of the various funds at December 31, 2000 and 1999, was a repurchase agreement owned by the Health Center with a reported amount of \$38,000 and \$69,000, respectively (which approximated fair value).

This investment represents an uninsured and unregistered investment for which the securities were held by the Health Center's custodial bank in the Health Center's name.

Schedule

SULLIVAN COUNTY, MISSOURI
SCHEDULE OF FINDINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

This schedule includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Follow-Up on Prior Audit Findings

SULLIVAN COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

Our prior audit report issued for the two years ended December 31, 1998, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

SECTION ON OTHER MATTERS

SULLIVAN COUNTY, MISSOURI
LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Sullivan County, Missouri, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 13, 2001.

We did not audit the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be audited and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Sullivan County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

1. Budgets and Financial Statements

Budgets were not prepared for various county funds for the two years ended December 31, 2000. The county's annual published financial statements did not include the financial activity of some county funds.

2. Associate Commissioner Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed county salary commissions meeting in 1997 to provide mid-term salary increases for Associate County Commissioners elected in 1996. The motivation behind this amendment was the fact that Associate County Commissioners' terms had been increased from two to four years. Based on this statute, in 1999 Sullivan County's Associate Commissioners salaries were each increased approximately \$8,500 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that challenged the validity of that statute. The Supreme Court held that this section of law violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$17,000 for the two years ended December 31, 2000, should be repaid.

The County Commission indicated these raises were taken in good faith and were approved by the Salary Commission based on existing state law.

3. Computer Controls

Passwords are used by county employees, but are not changed on a periodic basis to ensure confidentiality. Passwords are assigned by the employees themselves, rather than management. Although a system is in place to detect and stop incorrect log-on attempts after three tries, a log of incorrect attempts is not maintained. Backup disks of information for the county's financial computer system are not stored at an off-site location.

4. Property Records and Procedures

The county's fixed asset records are not adequate and complete. Property tags are not always attached to assets designating them as county property and written authorization is not obtained prior to disposing of assets. The county did not conduct annual physical inventories during the two years ended December 31, 2000. Usage logs are not maintained for Sheriff Department and Road and Bridge vehicles.

The County Commission indicated a new computer system has been purchased to track fixed assets and they intend to have the information and records updated by mid-2002.

5. Personnel and Payroll Policies

The 911 Coordinator calculates the total hours worked by each 911 employee from the employees' time cards. After preparing January 2000 payroll, the County Clerk's office detected a miscalculation in which two employees were overpaid approximately \$185. The County Clerk's office did not adjust payroll in a subsequent month to correct for the error, and the money has not been repaid to the county.

The county does not have written personnel policies. Not all employees submit timesheets to the County Clerk's office. Child Support Enforcement employees' timesheets indicate eight hours are worked each day, when only seven hours are actually worked. Other county employees do not all work the same number of hours per day. Supervisors do not always sign employees' timesheets to document approval. Centralized leave records are not maintained for compensatory time.

6. 911 Board

Minutes were not available for several months and based on the documentation maintained, it was not determinable whether meetings were held. For two of the months, the 911 Coordinator stated a meeting had been held but minutes were not retained. Minutes that were available did not clearly indicate when the next meeting would be held, or which month's minutes were being approved. The 911 Board minutes are usually not signed by the 911 Coordinator and Chairman to indicate preparation and approval.

An employee is paid approximately \$18,000 annually from the Special Road and Bridge Fund. During the years ended December 31, 2000 and 1999, approximately 32% and 22%, respectively, of the salary was reimbursed by the 911 Fund. Neither the county or the 911 Board maintains documentation to support the amount of salary reimbursed by the 911 Fund.

No written agreement exists between the county and the 911 Board which documents who will pay the salaries for the 911 employees. Currently, the county pays the salary for one dispatcher and the 911 Board pays for all other 911 employees' salaries.

Receipt slips are only issued upon request. Receipts are not deposited daily or when accumulated receipts exceed \$100.

Time cards are not signed by employees or approved by their supervisor. Payments to the county for the dispatchers' and the 911 Coordinator's payroll are not supported by adequate documentation. The 911 policy regarding maximum accruals of sick and vacation leave is not formally documented.

The 911 Board does not have contracts with the cities and other political subdivisions that receive 911 services; in addition, it does not charge these entities for the services.

Some fixed asset purchases were not recorded on the fixed asset records. The 911 Board did not conduct annual physical inventories during the two years ended December 31, 2000. Property tags are not always attached to assets designating them as 911 property.

7. Health Center

Receipt slips are not issued for all monies received and are not always issued in numerical sequence and accounted for properly. When the bookkeeper is out of the office, receipts are not deposited daily or when accumulated receipts exceed \$100.

In 1999, the Health Center paid \$3,382 to a local family practice for a certified family nurse practitioner to attend family planning clinics. The sole owner of this practice is a member of the Health Center Board. Because these services were not bid, these payments may represent a conflict of interest. In addition, the Health Center was unable to locate a contract with that business. Health Center board members indicated this nurse practitioner performed these services for several years prior to the owners election to the board and that she is now paid for these services directly by the board.

Minutes were not prepared to document the matters discussed in closed meetings of the Health Center Board. Decisions made, or not made, during closed session were not disclosed in the Health Center Board public minutes. The Health Center Board minutes are generally not signed by the Health Center Board's Secretary and Chairman to indicate the preparation and approval of the minutes. Health Center board members occasionally sign checks in advance.

The Health Center does not monitor the average cost per client of providing Comprehensive Family Planning (CFP) services to ensure compliance with state contract, which requires the average cost per client be at least \$150. During our review of CFP expenditures for the federal fiscal year ended September 30, 1999, the Health Center calculated an average cost of approximately \$126 per client.

This Letter on Other Matters is intended for the information of the management of Sullivan County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.